

Message Text

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PAGE 01 LUXEMB 00252 071416Z
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UNCLAS LUXEMBOURG 0252

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TAGS: ECRP, ECON, ETRD, LU
SUBJECT: 1976 TRADE STATISTICS FOR LUXEMBOURG

1. SUMMARY: LUXEMBOURG'S FOREIGN TRADE SHOWED A WORSENING
BALANCE IN 1976 WHICH REFLECTS IN PARTICULAR THE CONTINUING
RECESSION IN EUROPEAN MARKETS FOR STEEL, THE NATION'S PRINCIPAL
EXPORT. THE TRADE DEFICIT FOR 1976 WAS 9,238 MILLION
FRANCS, APPROX. US\$253 MILLION (\$1 EQUALS 36.50 FRANCS),
VERSUS A 1975 DEFICIT OF 5,128 MILLION FRANCS. IN 1976,
STEEL AND METAL PRODUCTS REPRESENTED 54.3 PERCENT OF TOTAL
EXPORTS VERSUS A RECENT YEARS' AVERAGE OF 60 PERCENT (IN
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PAGE 02 LUXEMB 00252 071416Z

1975, 57.5 PERCENT). IMPORTS ARE NOW EVEN MORE CONCENTRATED
FROM WITHIN THE COMMON MARKET AT 96.1 PERCENT OF THE TOTAL
WITH EXPORTS REMAINING ABOUT CONSTANT AT A HIGH 88.6 PERCENT
LEVEL. TRADE WITH THE UNITED STATES HAS FALLEN (IN VALUE AND
PROPORTION) WITH IMPORTS DOWN TO 2 PERCENT FROM 3.2 PERCENT AND
EXPORTS (OVERWHELMINGLY STEEL AND METAL PRODUCTS) FROM
5.3 PERCENT TO 3.4 PERCENT. (NOTE: DETAILED STATISTICAL

TABLES ARE BEING TRANSMITTED TO SECSTATE, USDOC, USEC,
AND EMBASSY BRUSSELS). END SUMMARY.

2. DETERIORATING TREND IN INTERNATIONAL TRADE - LUXEMBOURG
HAS LONG ENJOYED A POSITIVE TRADE BALANCE. THIS RECORD
WAS INTERRUPTED IN 1975 WITH A DEFICIT OF 5,128 MILLION
FRANCS AND DETERIORATED FURTHER WITH A 9,238 MILLION FRANC
DEFICIT FOR 1976. PROSPECTS FOR A RETURN TO A SURPLUS ARE
SLIGHT UNLESS AND UNTIL AN UPSWING OCCURS IN THE STEEL
INDUSTRY. IN HIS RECENT STATE OF THE NATION SPEECH, PRIME
MINISTER THORN DESCRIBED AS AN "UNHEALTHY SITUATION"
LUXEMBOURG'S TRADE DEFICIT EQUAL TO 8 PERCENT OF GNP FOR
TWO AND LIKELY THREE YEARS IN SUCCESSION.

3. TRADE DISTRIBUTION AND SHARES - LUXEMBOURG'S FOREIGN
TRADE IS HEAVILY CONCENTRATED WITH THREE COUNTRIES: WEST
GERMANY, BELGIUM AND FRANCE. THESE THREE TRADING PARTNERS
RESPECTIVELY ACCOUNT FOR 36.3 PERCENT, 34.8 PERCENT AND
14.7 PERCENT OF IMPORTS AND 27.9 PERCENT, 22.8 PERCENT AND
16.1 PERCENT OF EXPORTS. TRADE EVEN WITH OTHER EC PARTNERS
IS RELATIVELY INSIGNIFICANT. APART FROM THE NETHERLANDS
(3.7 PERCENT OF IMPORTS AND 5.4 PERCENT OF EXPORTS), TRADE
WITH NO OTHER EUROPEAN NATION, EC, EFTA OR OTHER, IS
MORE THAN 2 PERCENT OF THE TOTAL. OTHER THAN TRADE WITH
THE US, INTERNATIONAL COMMERCE WITH NON-EUROPEAN COUNTRIES
IS OF MINOR IMPORTANCE. GINN

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